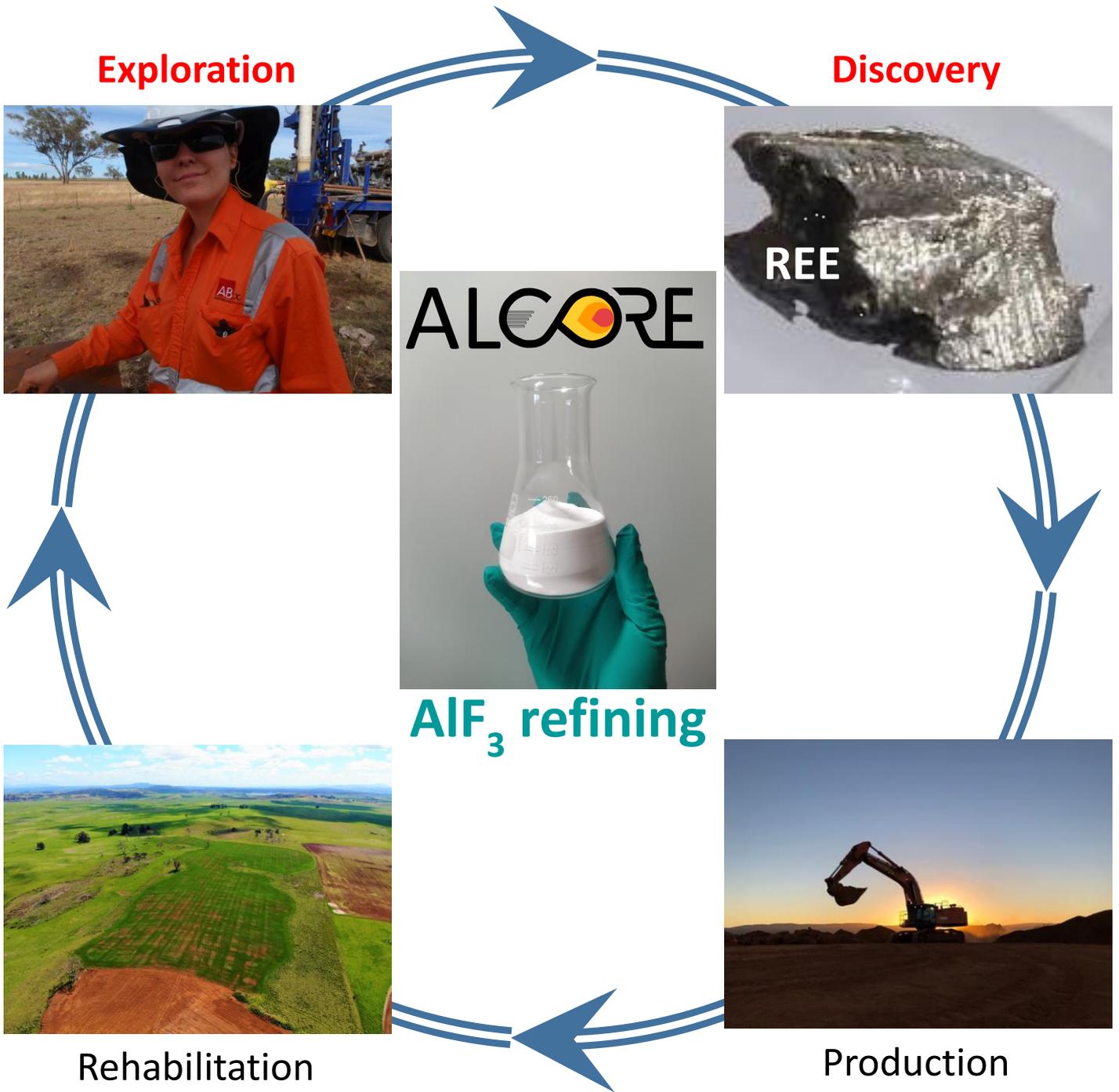


ABx Group

Half-Yearly Report 2021





Interim Financial Report for the half-year ended 30 June 2021

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2020 and any public announcements made by Australian Bauxite Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

CORPORATE DIRECTORY

Australian Bauxite Limited trading as ABx Group

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ABN 14 139 494 885

Registered and Corporate Office

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Sydney NSW 2000

Telephone: +61 2 9251 7177
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Level 23, Governor Macquarie Tower
1 Farrer Place
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20 Martin Place
Sydney NSW 2000
Telephone: +61 2 9227 1818

St George Bank Limited
Level 14, 182 George St
Sydney NSW 2200
Telephone: +61 2 9236 2230

Directors

Paul Lennon (Non-Executive Chairman)
Ian Levy (Managing Director & CEO)
Ken Boundy

Company Secretary

Henry Kinstlinger

Share Registry

Computershare Investor Services Pty Limited
Level 3
60 Carrington Street
Sydney NSW 2000, Australia
Telephone: 1300 327 328 (within Australia)

ASX Code – ABX

Australian Bauxite Limited shares are listed on the Australian Securities Exchange.

This financial report covers the Consolidated Entity consisting Australian Bauxite Limited and its controlled entities.

Australian Bauxite Limited is a company limited by shares, incorporated and domiciled in Australia.

REVIEW OF OPERATIONS

Corporate

- Group available cash at 30 June 2021 was \$3.42 million and is currently about \$3.14 million
- Shareholders at the 2021 Annual General Meeting approved the issue of 31.5 million shares at 10 cents and 38.034 million unquoted 20 cent 2 year options for the \$3.15 million capital raising on 24 May 2021
- ABx securities now total 182,804,314 ordinary shares and 38,034,000 unquoted options

Exploration – Rare Earth Element Discoveries Continue in Tasmania

- ABx's Rare Earth Elements (REE) mineralisation targets at DL130 project has increased in area by a factor of 2.3 since May 2021 from 65 hectares to 150 hectares as new assay results revealed three enrichment trends towards NW, NE and Southwards – see Figures 9 & 10
- North-western hole DL162 is the highest grade, thickest intercept to date and is relatively enriched in Terbium and Dysprosium which are the highest-priced of the REE metals that are the main focus of ABx's exploration – see Figure 10 and Table 2
- The next objective is to drill the possible "Source Rock" in the northeast - see Figure 10
- REE mineralisation at DL130 project area is enriched in Neodymium (Nd), Praseodymium (Pr), Terbium and Dysprosium (Dy) which are the rare earth elements in super magnets used in electric vehicles, wind turbines, smart phones and military electronics - see Figure 8
- Prices and demand for the key REE elements, Nd, Pr, Tb & Dy are rising strongly because of their widespread use in new technologies, including electric vehicles – see Figure 11

ALCORE Project (87% owned by ABx): achieves an innovative breakthrough

- Alcore achieved an innovative breakthrough, producing aluminium fluoride (AlF₃) with grades comparable to commercial AlF₃ specifications in a single-step from 100% dross waste from an aluminium smelter, thus overcoming the high impurities in dross. See Table 1
- Use of Dross reduces Alcore's conservative operating cost scenario by 20% to A\$800/tonne AlF₃ which is less than half the median China export price of A\$1,700/tonne
- AlF₃ markets remain tight due to reduced supply from China to Australasia in recent months
- AlF₃ is an essential ingredient in aluminium smelters and Alcore's planned production in Bell Bay, Tasmania will provide security of supply and increased recycling of wastes for the Australasian aluminium industry which is worth more than A\$4.5 billion per year
- Alcore's engineering firms have completed a process flow diagram for a 10,000 tonne/year AlF₃ production module and identified process steps for pilot plant verification
- Specialised engineers in South Africa, Canada, Italy and Switzerland are working on separate parts of the proposed production modules, each according to their expertise, coordinated by the Alcore CEO

Table 1: Recent Alcore AlF₃ products from dross (chemical analyses by CSIRO).

Product Properties	AlF ₃	Fe ₂ O ₃	SiO ₂	Na ₂ O	CaO	P ₂ O ₅
Raw Dross Feed	0	0.27%	5.3%	5.3%	1.2%	0.37%

Target grades for commercial AlF₃

Typical commercial AlF ₃ specification	>90%	<0.03%	<0.15%	<0.25%	<0.10%	<0.03%
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Alcore’s achieved grades for AlF₃ produced using its proprietary single-stage process:

Alcore AlF ₃ Sample 1	90%	0.28%	0.011%	0.25%	0.10%	0.08%
Alcore AlF ₃ Sample 2	99%	0.48%	0.005%	0.42%	0.27%	0.56%

Result summary	Excellent	*	Excellent	Acceptable	Acceptable	Acceptable
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* Iron levels (Fe₂O₃) are managed by iron-reduction strategies and blending with iron-free AlF₃.



Figures 1, 2 & 3: AlF₃ is added daily into aluminium smelter potlines to maintain efficiency. There is no substitute.

Australia is the only major aluminium producer without an AlF₃ plant. Alcore will secure supply and help recycling.

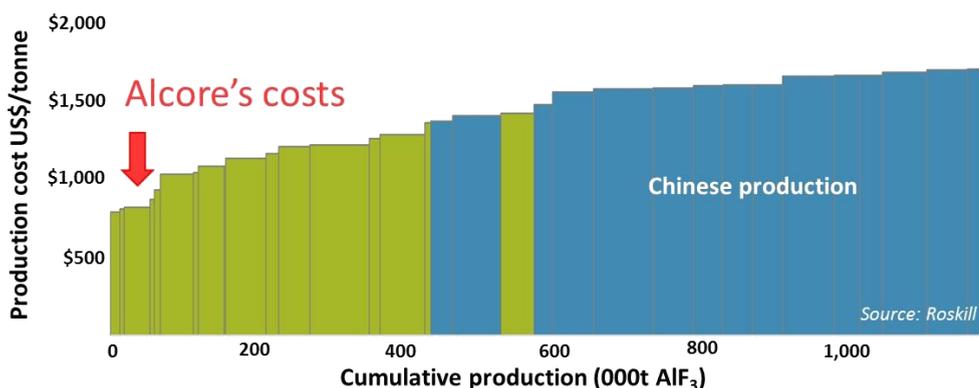


Figure 4: Alcore’s forecast production costs are in the lowest quartile.

Raw materials are typically 75% of traditional cost.

Alcore is low-cost because of its lower-cost raw materials

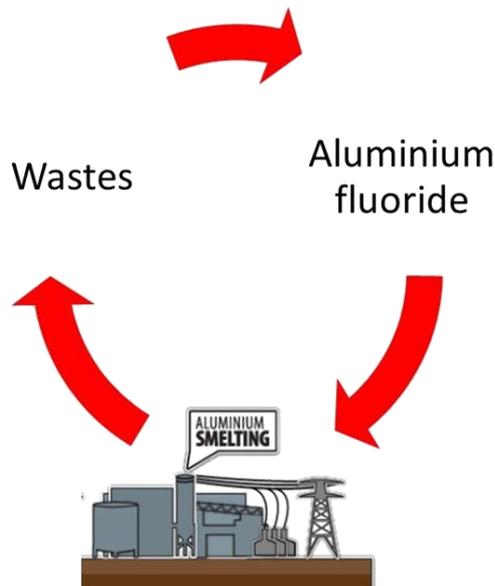


Figure 5

Alcore transformation.

Alcore will use aluminium smelter wastes to produce **aluminium fluoride in Australia**

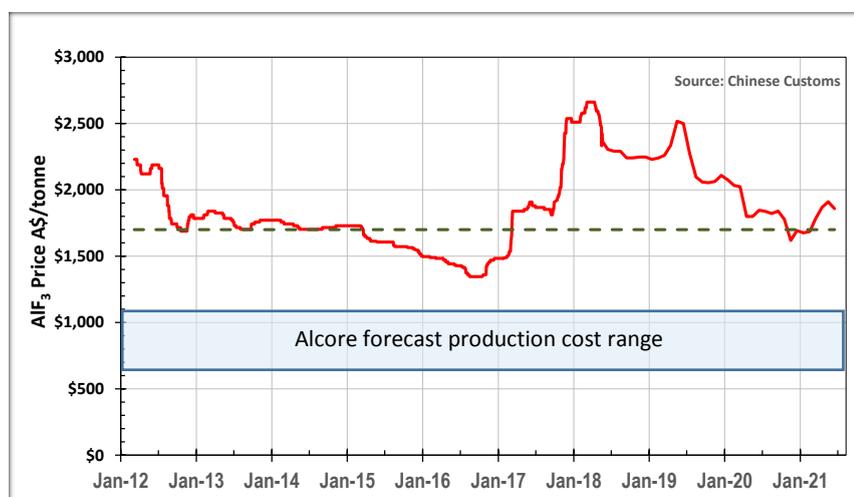


Figure 6

Chinese export prices A\$/t CIF basis.

Alcore’s forecast production cost ranges from year 1 to lower costs at full capacity



Figure 7

Alcore’s potential future expansion:

- Industrial chemicals
- AlF₃ for lithium-ion batteries
- Fluorochemicals
- High purity alumina

Operations: Binjour project, Queensland

- Exploration Permit at Binjour Plateau, 115km inland of Bundaberg QLD was granted in July
- Mining Lease application for the Sunrise Bauxite Project at Binjour is being progressed. Sunrise project’s development costs, estimated to total \$15 million are fully-funded by ABx’s marketing partner Rawmin Mining of India, subject to final due diligence when travel restrictions are lifted
- Legal, banking and commercial arrangements for the Rawmin-ABx joint ventures for the Sunrise Bauxite Project and the Bundaberg Port facility are proceeding, prior to an application for approvals by the Foreign Investment Review Board
- The Sunrise Bauxite Project at Binjour in QLD is designed to sell 500,000 tonnes per annum of gibbsite-rich trihydrate bauxite

Operations: Fingal Rail mine, Tasmania

- **Mining lease application** is being progressed for the large Fingal Rail deposit in northern Tasmania which can supply cement grade bauxite for many years
- Expressions of interest from Indian companies for large tonnage sales which were temporarily subdued due to COVID restrictions in India are now being reactivated.

Exploration for Rare Earth Elements used for super-magnets

ABx’s has discovered Rare Earth Element (REE) mineralisation at its bauxite tenements across northern Tasmania that are enriched in the strategically important REE metals neodymium (Nd), praseodymium (Pr), terbium (Tb) and dysprosium (Dy) which are the main components of super-magnets that are needed in electric vehicles, wind turbines, smart phones and military electronics.

Assays from each new batch of samples have significantly increased the areal extent of REE enrichment at DL130 by identifying new enrichment zones trending to the northeast, northwest and to the south, with the main REE element at DL130 is Neodymium which is the main component of super-magnets used in electric vehicles, wind turbines, smart phones and military electronics

Samples in hole DL162 are relatively enriched in the most highly valuable Terbium and Dysprosium REE and expands the prospectivity significantly to the north-west - see Figure 10.

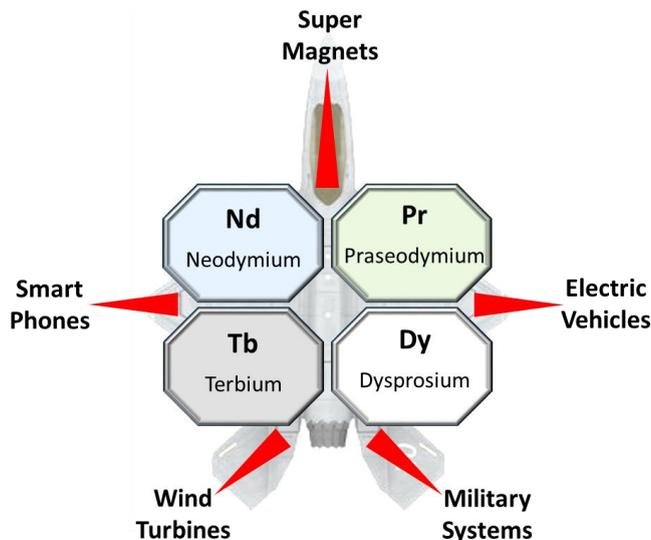


Figure 8
Main uses of ABx’s key Rare Earth Elements (REE)

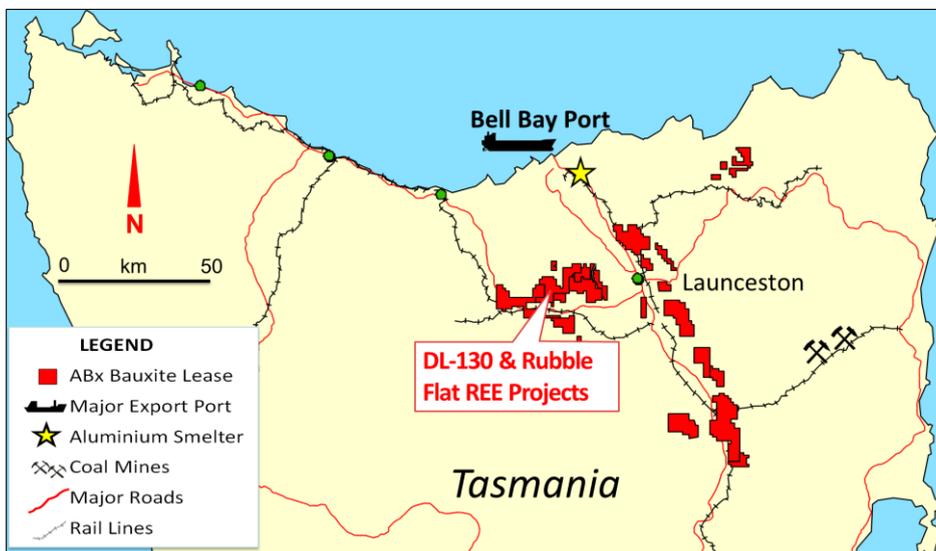


Figure 9
Location of ABx’s REE Discoveries in Northern Tasmania

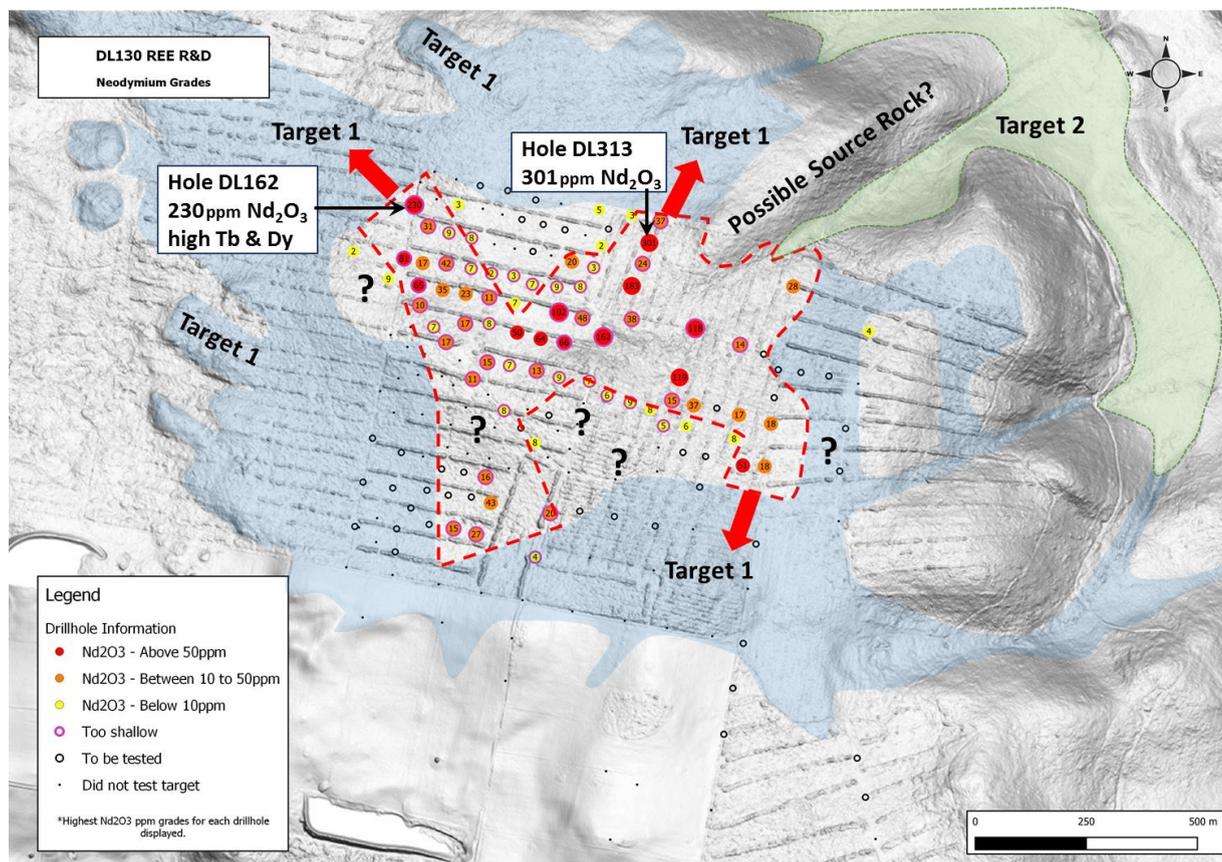


Figure 10: Neodymium grades in drillholes at DL130 project area, plotted on a topographic image. Enrichment trends have now been identified to the northeast, northwest and south. Target 1 (blue) is in clay zones on the plateau. Target 2 (green) is interpreted to be in valley sediments.

Terbium and Dysprosium increasing to the North-West, North-East and South

Hole DL162 is the most north-western hole in the mineralised zone (see Figure 10 above) and it has higher levels of high-priced super-magnet elements, terbium and dysprosium (see price charts in Figure 11 below). Hole DL162 in the northwest is the highest grade and thickest intercept to date and has expanded the Target 1 substantially in a north-western direction as shown in Figure 10.

The previous highest grade hole DL313 is in the northeast of the mineralised zone which remains a major enrichment trend in Target 1 for expansion of the mineralisation at this Prospect.

Both holes DL162 and DL313 appear to have finished drilling before reaching the bottom of the REE mineralisation - see Table 2 following:

Hole	From-To m	Super-magnet REE				Nd ₂ O ₃ equiv ppm
		Nd ₂ O ₃ ppm	Pr ₂ O ₃ ppm	Tb ₂ O ₃ ppm	Dy ₂ O ₃ ppm	
Latest Highest-Grade Drillhole DL162						
DL162	6 to 7m	210	46	10	53	619
DL162	7 to 8m	209	47	10	53	615
DL162	8 to 9m	230	51	11	62	702
Previous Highest-Grade Drillhole DL313						
DL313	6 to 7m	9	2	0	2	26
DL313	8 to 9m	51	14	2	12	143
DL313	9 to 10m	301	88	7	37	645

Table 2
Rare Earth Assay Results from holes DL162 and DL313

Nd₂O₃ equivalent = Nd₂O₃ + 1.01 x Pr₂O₃ + 11.89 x Tb₂O₃ + 4.64 x Dy₂O₃ based on medium-term REE prices – see price charts in Figure 4

See JORC-Code details in ASX release dated 16 August 2021

Prices

The prices of the four super-magnet type of REE are rising strongly due to the scarcity of these REEs whilst the demand for them is rising exponentially due to the rapidly growing volumes needed for electric vehicles, wind turbines and military applications. See Figure 11 following:

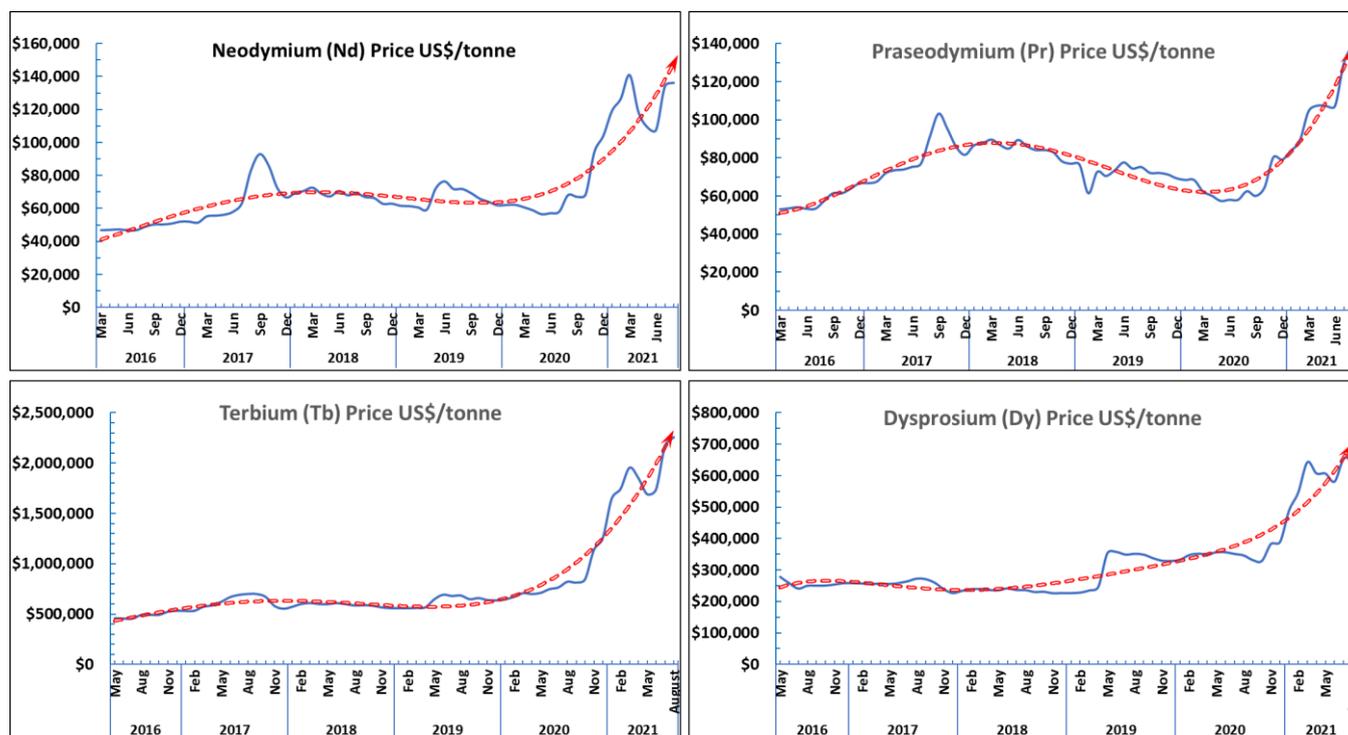


Figure 11: Prices per tonne for the 4 REE used for super-magnets Sources: Chinese exports, cross-referenced with Kitco data

ABx REE Business Strategy

Traditional hard-rock mines and processing plants take many years and \$billions of investment in technically difficult processing plants. For this reason, ABx has explored for a water-soluble type of REE occurrence which can be developed rapidly and at low cost to produce a concentrate of REE elements that can be sold to the existing processing plants so that they can expand production rapidly.

The fastest and environmentally best method to develop of this type of REE is outlined overleaf.

REE accumulations in northern Tasmania are relatively free of radioactive elements uranium and thorium which means that a simple bulk concentrate could be sold to any producer in any country.

China was until recently the main producer from such “water soluble” types of REE deposits which called “Ionic Adsorption Clay” deposits (IAC), mainly from southern China. China no longer produces from IAC deposits and is sourcing IAC REEs from Myanmar.

This type of deposit is rare

ABx has been advised that it is one of only three public-listed companies world-wide that is focussed on these Ionic Adsorption Clay REE deposits.

Qualifying statements

General: The information in this report that relate to Exploration Information and Mineral Resources are based on information compiled by Jacob Rebek and Ian Levy who are members of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Rebek and Mr Levy are qualified geologists and Mr Levy is a director of Australian Bauxite Limited.

Mainland: The information relating to Mineral Resources on the Mainland was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Mr Rebek and Mr Levy have sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Rebek and Mr Levy have consented in writing to the inclusion in this report of the Exploration Information in the form and context in which it appears.

Tasmania: The information relating to Exploration Information and Mineral Resources in Tasmania has been prepared or updated under the JORC Code 2012. Mr Rebek and Mr Levy have sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and **Ore Reserves**. Mr Rebek and Mr Levy have consented in writing to the inclusion in this report of the Exploration Information in the form and context in which it appears.

Disclaimer Regarding Forward Looking Statements

This report contains various forward-looking statements. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are inherently subject to uncertainties in that they may be affected by a variety of known and unknown risks, variables and factors which could cause actual values or results, performance or achievements to differ materially from the expectations described in such forward-looking statements.

ABx does not give any assurance that the anticipated results, performance or achievements expressed or implied in those forward-looking statements will be achieved.

Patent

Refined Ore Industries Ltd (ROIL) was the owner of the CORE process technology via ROIL's intellectual property company, Berkeley Process Technologies Pty. Ltd which issued a global exclusive licence for the aluminium-related portion of the CORE process technology to ABx in November 2017 and ABx has issued a global exclusive sub-licence to ALCORE when ALCORE was incorporated on 1 July 2018.

After a company restructure and expansion of the patent definition to cover isolation and extraction of mineral compounds, metals, metalloids, alloys and elements from waste streams, mineral ores, recyclable commodities, industrial by-products and mixed substances, the holding company is now named Core Refining Limited (CRL) and the intellectual property company is Core Intelligence Australia Pty Ltd (CIAL) which holds the Patent Application No. 2019904311 and the global exclusive licences to ABx and ALCORE continue in force.

CRL's CORE process technology involves the refining of a wide range of ore types using a combination of fluorine acids and related thermal energy process steps. The technology that is licensed to ABx and ALCORE by CRL is part of CRL's broader Core technology.

Table 3: Tenement information required under LR 5.3.3

Tenement No.	Location
New South Wales	
EL 6997	Inverell
EL 7357	Taralga
EL 8600	Penrose Quarry
Queensland	
MLA 100277	Sunrise ML application
EPM27787	Binjour EPM application
ML 80126 25146	Toondoon ML
Tasmania	
EL 7/2010	Conara
EL 9/2010	Deloraine
EL 18/2014	Prosser's Road
ML 1961 P/M	Bald Hill Bauxite

Notes

A new QLD EPM and the Sunrise Bauxite Project mining lease were applied for on 1 Jan'21. The EPM was approved in July.

All tenements are in good standing, 100% owned and not subject to any third-party royalties nor are they encumbered in any way.

Resource Statement

Tabulated below are the Mineral Resources for each ABx Project. The initial ASX disclosure for these Resources is given in the footnotes to the table. Refer to these announcements for full details of resource estimation methodology and attributions.

Table 4: ABx JORC-Compliant Resource Estimates

Region	Resource Category	Million Tonnes	Thickness (m)	Al ₂ O ₃	SiO ₂	A/S	Fe ₂ O ₃	TiO ₂	LOI	Al ₂ O ₃ Avl	Rx SiO ₂	Avl/Rx	% Lab	O'Burden	Int.Waste
				%	%	ratio	%	%	%	@ 143°C %	%	ratio	Yield	(m)	(m)
CAMPBELL TOWN AREA TASMANIA ⁷	Inferred	0.9	3.0	42.6	3.5	12	25.4	3.5	24.6	36.7	3.0	12	50	2.1	0.1
	Indicated	0.8	3.2	42.5	3.2	14	26.4	3.0	24.5	36.2	2.8	14	55	1.8	0.1
	Total	1.7	3.1	42.5	3.3	13	25.9	3.3	24.5	36.5	2.9	13	52	2.0	0.1
Fingal Rail Cement- Grade Bauxite ⁸	Inferred	2.4	3.3	30.9	19.5	-	35.4	3.9	16.7	-	-	-	-	1.9	0.1
	Indicated	3.9	3.8	31.1	19.0	-	35.2	4.0	16.9	-	-	-	-	1.7	0.1
	Total	6.3	3.6	31.0	19.2	-	35.3	4.0	16.8	-	-	-	-	1.8	0.1
DL-130 AREA TAS ¹	Inferred	5.7	3.8	44.1	4.3	10	22.8	3.1	25.0	37.6	3.2	12	55	1.5	0.1
	Total Tas	13.7	3.6	37.9	11.0	n.a.	28.9	3.5	21.2	n.a.	n.a.	n.a.	54	1.7	0.1
BINJOUR QLD ² DSO, Screen & Cement	Inferred	14.2	4.3	40.7	7.3	6	24.7	4.3	22.1	32.3	6.7	5	80	8.5	0.3
	Indicated	22.8	4.0	33.5	19.2	2	24.9	4.2	16.8	15.8	17.4	1	63	6.6	0.3
	Total	37.0	4.1	36.2	14.6	3	24.9	4.2	18.8	22.1	13.3	2	69	7.3	0.3
TOONDOON QLD ³	Inferred	3.5	4.9	40.2	7.2	6	25.3	4.9	21.7	32.8	5.2	6	67	1.5	0.0
TARALGA S. NSW ⁴	Inferred	9.9	3.1	40.4	5.7	7	24.6	4.1	22.2	35.2	1.9	18	54	0.1	0.2
	Indicated	10.2	3.7	41.3	5.3	8	25.9	4.0	22.9	36.1	1.9	19	55	0.7	0.4
	Total	20.1	5.6	40.8	5.5	7	25.3	4.0	22.6	35.7	1.9	19	55	0.5	0.3
PDM-DSO*	Inferred	7.6	2.5	37.0	6.0	6	38.4	3.5	13.3	22.1*	1.3	17	72	0.2	0.1
	Indicated	10.3	3.1	37.6	3.9	10	40.4	3.7	13.5	22.4*	1.1	20	71	0.7	0.4
	Total	17.8	5.8	37.3	4.8	8	39.6	3.6	13.5	22.3*	1.2	18	72	0.5	0.3
Total Taralga	37.9	5.7	39.2	5.2	8	32.0	3.8	18.3	35.4	1.6	23	63	0.5	0.3	
INVERELL N. NSW ⁵	Inferred	17.5	4.7	39.8	4.8	8	27.7	4.3	22.2	31.0	4.2	7	61	2.3	
	Indicated	20.5	4.8	40.6	4.7	9	26.9	4.1	22.5	32.0	4.0	8	60	2.4	
	Total	38.0	4.8	40.2	4.7	9	27.3	4.2	22.4	31.6	4.1	8	61	2.4	
GUYRA N. NSW ⁶	Inferred	2.3	4.2	41.4	3.6	12	26.2	3.3	24.6	35.0	2.8	13	56	3.4	
	Indicated	3.8	5.9	43.1	2.6	16	27.3	3.9	24.5	37.4	2.0	18	61	4.4	
	Total	6.0	5.3	42.5	3.0	14	26.9	3.7	24.5	36.5	2.3	16	59	4.0	
GRAND TOTAL ALL AREAS		136.1													

* PDM is Al₂O₃ spinel. Al₂O₃ Avl at 225°C is >35%

Explanations: All resources 100% owned & unencumbered. Resource tonnage estimates are quoted as in-situ, pre mined tonnages. All assaying done at NATA-registered ALS Laboratories, Brisbane.
Chemical definitions: Leach conditions to measure available alumina "Al₂O₃ Avl" & reactive silica "Rx SiO₂" is 1g leached in 10ml of 90gpl NaOH at 143°C for 30 minutes. LOI = loss on ignition at 1000°C. "Avl/Rx" ratio is (Al₂O₃ Avl)/(Rx SiO₂) and "A/S" ratio is Al₂O₃/SiO₂. Values above 6 are good, above 10 are excellent. Tonnage is for bauxite in-situ. Lab Yield is for drill dust samples screened by ALS lab at 0.26mm. Production yields are not directly related and are typically between 60% and 75%. Tonnages requiring no upgrade will have 100% yield. Resource estimates exclude large tonnages of potential extensions, overburden & interburden detrital bauxite and underlying transitional bauxite mineralisation. Production will clarify these materials.

The information above relates to Mineral Resources previously reported according to the JORC Code (see Competent Person Statement) as follows:

- ¹ Maiden Tasmania Mineral Resource, 5.7 million tonnes announced on 08/11/2012
- ² Binjour Mineral Resource, 37.0 million tonnes announced on 18/06/2018
- ³ QLD Mining Lease 80126 Maiden Resource, 3.5 million tonnes announced on 03/12/2012
- ⁴ Goulburn Taralga Bauxite Resource Increased by 50% to 37.9 million tonnes announced on 31/05/2012
- ⁵ Inverell Mineral Resource update, 38.0 million tonnes announced on 08/05/2012
- ⁶ Guyra Maiden Mineral Resource, 6.0 million tonnes announced on 15/08/2011
- ⁷ Initial resources for 1st Tasmanian mine, 3.5 million tonnes announced on 24/03/2015 (minus mined Bald Hill bauxite)
- ⁸ Resource Upgrade for Fingal Rail Project, Tasmania announced on 25/08/2016

The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and, in the case of estimates of mineral resources or ore reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Tabulated Resource numbers have been rounded for reporting purposes. The Company conducts regular reviews of these Resources and Reserve estimates and updates as a result of material changes to input parameters such as geology, drilling data and financial metrics.

Global Mineral Resources total 136.1 million tonnes.

DIRECTORS' REPORT

Your directors present their report together with the financial statements of the parent entity and the consolidated entity (referred to hereafter as the Group) consisting of Australian Bauxite Limited (the Company) and the entities it controlled at the end of or during the period ended 30 June 2021 and the Auditor's Review Report thereon.

Principal activities	The principal continuing activities of the Group during the reporting period were selling bauxite mineral, conducting the bauxite processing, development and exploration programs.
Financial performance	<p>The net consolidated loss of the Group for the six months ended 30 June 2021 was \$0.99 million (2020: Loss \$0.84 million).</p> <p>Cash holding of the Group at 30 June 2021 was \$3.42 million. The Group will have sufficient cash reserves to fund its current exploration, processing and development programs.</p>
Review of operations	Information on the operations and financial position of the Group and its business strategies and prospects are set out in the Review of Operations on pages 4 to 11 of this report.
Dividends	The Directors of the Company do not recommend that any amount be paid by way of dividend. The Company has not paid or declared any amount by way of dividend since the commencement of the financial year.

Directors

The following persons were directors of Australian Bauxite Limited during the whole of the period and up to the date of this report, unless otherwise stated:

- Paul Lennon Non-Executive Chairman
- Ian Levy Managing Director / CEO
- Ken Boundy Non-Executive Director

Subsequent Events

At the date of this report there are no matters or circumstances which have arisen since 30 June 2021 that have significantly affected or may significantly affect:

- the operations, in financial half-year subsequent to 30 June 2021, of the Group;
- the results of those operations; or
- the state of affairs, in financial half-year subsequent to 30 June 2021, of the Group.

Rounding

The amounts contained in the half year financial report have been rounded to the nearest thousand dollars (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

Directors' Report (continued)

Environmental Regulations

The Group is subject to significant environmental regulation in respect of its exploration activities as follows:

- The Company's operations in the State of Queensland involve drilling operations. These operations are governed by the *Environmental Protection Act (1994)*.
- The Company's operations in the State of NSW involve exploration activities. These operations are governed by the *Environment Planning and Assessment Act 1979*.
- The Company's operations in the State of Tasmania involve drilling operations. These operations are governed by the *Environmental Management and Pollution Control Act 1994*.
- The Company operates within the resources sector and conducts its business activities with respect for the environment while continuing to meet the expectations of the shareholders, employees and suppliers.
- The Company aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation. The Directors are mindful of the regulatory regime in relation to the impact of the Company's activities on the environment.
- To the best of the directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of all environmental legislation described above and are not aware of any breach of those requirements during the financial year and up to the date of the Directors' Report.

Environmental Code of Practice for Bauxite Mineral Exploration, adopted 1 March 2010

The Company is committed to conducting its exploration programs by following industry best practice in accordance with published government guidelines and codes.

The following policy is specific to bauxite exploration on the Company's east Australian bauxite province.

Access to Land

Prior to the commencement of any work, the Company makes contact with landholders/leaseholders and discusses the general aims and types of work likely to be conducted. Discussion with landowners, leaseholders and Native Title Claimants is ongoing. It commences prior to any work being conducted and continues throughout the program and beyond the cessation of exploration work.

The Company establishes conditions of access with landholders and where practicable, signs a written access agreement that sets out conditions and includes a schedule of agreed compensation payments. The Company endeavours to provide landholders with ample warning prior to commencing any work and landholders are kept informed upon commencement, during and upon completion of an exploration program.

Type of Land

The type of land is determined and its inhabitants are assessed to identify areas of particular environmental concern including identification of sensitive areas or areas prone to erosion, water catchment, heritage sites, and areas home to vulnerable and endangered species.

Land use is taken into consideration and land under cultivation is not disturbed without the express consent of the landholder.

Mineral Exploration Programs Access

The Company utilises existing tracks for access where possible. Climatic conditions are considered when assessing areas to avoid access during extreme conditions such as during bush fire risk during hot, windy conditions and damage to tracks after heavy rain. Surface disturbances are kept to a minimum.

Directors' Report (continued)

Drilling

Drilling programs include rehabilitation and where possible holes are positioned in areas requiring little or no clearing. Small, manoeuvrable drill rigs are used to minimise the need for track clearing and to reduce ground compaction. Where required, topsoil is removed and stored separately so that it can be replaced during rehabilitation of the site. Ground sheets are used where required to avoid oil/fuel spills contaminating the soil.

Rehabilitation

Drill sites are rehabilitated as soon as practicable and drill holes are filled and capped where necessary. Landholders are asked to confirm at the end of each program that exploration has been conducted to their satisfaction and that sites have been rehabilitated.

Qualifying Statements

With respect to Exploration Results: The information is extracted from the following ASX release entitled: Which are available to view on www.australianbauxite.com.au/Media.htm. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Information in this report relating to Exploration Information & Mineral Resources are based on information compiled by Jacob Rebek & Ian Levy who are members of The Australasian Institute of Mining & Metallurgy & the Australian Institute of Geoscientists. Mr Rebek & Mr Levy are qualified geologists & Mr Levy is a director of ABx. Information in this report relating to Mineral Resources in Tasmania has been prepared or updated by Mr Levy in accordance with the JORC Code 2012.

Mr Rebek and Mr Levy have sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of exploration Results, Mineral Resources and Ore Resources. Mr Rebek and Mr Levy have consented to the inclusion in this announcement of the Exploration Information in the form and context in which it appears.

Directors' Report (continued)**Auditor's Independence Declaration**

A copy of the independence declaration by the auditor K.S. Black and Co. under section 307C is included on page 16 of this half year financial report.

Signed in accordance with a resolution of the Directors:



Ian Levy
Managing Director
31 August 2021



Paul Lennon
Chairman

AUDITOR'S INDEPENDENCE DECLARATION

Level 1
251 Elizabeth Street
SYDNEY NSW 2000

75 Lyons Road
DRUMMOYNE NSW 2047

K.S. Black & Co.

ABN 48 117 620 556

20 Grose Street
NORTH PARRAMATTA NSW 2151

PO Box 2210
NORTH PARRAMATTA NSW 1750

Lead Auditors' Independence Declaration under Section 307C of the Corporations Act 2001

To the Director's of Australian Bauxite Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 30 June 2021 there has been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

The entities are in respect of Australian Bauxite Limited and the entities it controlled during the period.

KS Black & Co
Chartered Accountants



Scott Bennison
Partner

Dated in Sydney on this *31st* day of *August* 2021

Liability limited by a
scheme approved
under Professional
Standards Legislation

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CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

INDEPENDENT AUDITOR'S REVIEW REPORT

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Directors of Australian Bauxite Limited

Report on the Consolidated Interim Financial Report

We have reviewed the accompanying half-year Consolidated Interim Financial Report of Australian Bauxite Limited, which comprises the statement of financial position as at 30 June 2021, and the statement of profit or loss and other comprehensive income, statement in changes in equity and the statement of cash flows; for the half-year then ended, a summary of significant accounting policies, other selected explanatory notes and the declaration by those charged with governance.

The Director's Responsibility for 30 June 2021 Consolidated Interim Financial Report

The Directors of the Consolidated Group are responsible for the preparation and fair presentation of the half-year Consolidated Interim Financial Report in accordance with *Accounting Standard AASB 101* and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Consolidated Interim Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the financial report is not presented fairly, in all material respects, with the Corporations Law 2001. As the auditor of Australian Bauxite Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of the person responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Australian professional accounting bodies.

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Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of Australian Bauxite Limited does not present fairly, in all material respects including:

- i. Giving a true and fair view of the entity's financial position as at 30 June 2021 and of its performance for the financial half-year ended on that date; and
- ii. Complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

KS Black & Co
Chartered Accountants



Scott Bennison
Partner
Dated: 31/8/2021

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DECLARATION BY DIRECTORS

The Directors of the Company declare that:

1. The financial statements and notes, set out on pages 19x to 32, are in accordance with the *Corporations Act 2001*, and:
 - give a true and fair view of the financial position of the consolidated entity as at 30 June 2021 and of its performance for the half-year ended on that date; and
 - comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
2. In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



Ian Levy
Managing Director
31 August 2021



Paul Lennon
Chairman

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the Half-Year Ended 30 June 2021

		Consolidated Group	
	Notes	Half- year ended 30 Jun 2021 \$'000	Half- year ended 30 Jun 2020 \$'000
REVENUE	3	4	37
Other Income and Expenses	3	153	260
Development, exploration and administrative expenses	3	(1,095)	(1,187)
Finance expenses	3	(130)	(17)
		<hr/>	<hr/>
PROFIT/(LOSS) FROM OPERATIONS BEFORE INCOME TAX		(1,068)	(907)
Income tax		-	-
NET PROFIT/(LOSS) FOR THE PERIOD		(1,068)	(907)
		<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME			
Other comprehensive income before income tax		-	-
Income tax		-	-
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
		<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		(1,068)	(907)
Profit attributable to non-controlling interests		75	60
TOTAL COMPREHENSIVE INCOME / (LOSS)		(993)	(847)
ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		<hr/> <hr/>	<hr/> <hr/>
EARNINGS PER SHARE		Cents	Cents
Basic earnings/(losses) per share (cents per share)		(0.64)	(0.58)
Diluted earnings/(losses) per share (cents per share)		(0.63)	(0.57)

This Statement of Profit or Loss and other Comprehensive Income is to be read in conjunction with the notes to the interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2021

		Consolidated Group	
	Notes	2021	2020
		\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents	4	3,425	901
Trade and other receivables		167	100
Other current assets		104	93
Financial assets		-	-
Total current assets		3,696	1,094
Non-current assets			
Trade and other receivables		105	37
Plant and equipment		170	299
Mining tenements	5	15,246	15,493
Total non-current assets		15,521	15,829
Total Assets		19,217	16,923
LIABILITIES			
Current liabilities			
Trade and other payables		1,130	1,127
Employee benefits provision		152	129
Other Liabilities		201	271
Total current liabilities		1,483	1,527
Non-current liabilities			
Employee benefits provision		146	138
Other Liabilities		-	315
Total non-current liabilities		146	453
Total Liabilities		1,629	1,980
Net Assets		17,588	14,943
EQUITY			
Issued capital	6	28,791	25,749
Reserves		3,332	2,938
Accumulated losses		(14,745)	(13,752)
Total equity attribute to equity holder of parent entity		17,378	14,935
Non-controlling interest		210	8
Total Equity		17,588	14,943

This Statement of Financial Position is to be read in conjunction with the notes to the interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the Half-Year Ended 30 June 2021

Consolidated	Note	Issued Capital \$'000	Reserve \$'000	Non Controlling Interest \$'000	Accumulated Losses \$'000	Total Equity \$'000
At 31 December 2020	6	25,749	2,938	8	(13,752)	14,943
Share issued		3,250	-	-	-	3,250
Share issuing cost		(208)	-	-	-	(208)
Business combination		-	394	202	-	596
Loss for the period		-	-	-	(993)	(993)
At 30 June 2021	6	28,791	3,332	210	(14,745)	17,588
At 30 June 2020		25,312	2,843	(21)	(14,050)	14,084
Share placement		437	-	-	-	437
Business combination		-	95	29	-	124
Loss for the period		-	-	-	298	298
As at 31 December 2020	6	25,749	2,938	8	(13,752)	14,943
As at December 2019		25,312	2,691	16	(13,203)	14,816
Business combination		-	152	(37)	-	115
Share issued in lieu of services		-	-	-	-	-
Loss for the period		-	-	-	(847)	(847)
As at 30 June 2020		25,312	2,843	(21)	(14,050)	14,084

This Statement of Changes in Equity is to be read in conjunction with the notes to the interim financial report.

CONSOLIDATED STATEMENT OF CASH FLOW

for the Half-Year Ended 30 June 2021

	Notes	Consolidated	
		Half-year ended	Half-year ended
		30 Jun 2021 \$'000	30 Jun 2020 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt from customer and government		153	189
Interest received		1	2
Payment for exploration and development expenditures		(745)	(592)
Payments for administration expenses		(434)	(202)
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES		(1,025)	(603)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		-	-
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from shares issued		3,150	-
Share issuing cost		(208)	-
Proceeds from share issues/placements – controlled entity		607	175
Advance to other party		-	(91)
Repayment to/advance from other parties		-	150
NET CASH FLOWS PROVIDED BY/(USED IN) FROM FINANCING ACTIVITIES		3,549	234
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		2,524	(369)
Cash and cash equivalents at the beginning of the reporting period		901	909
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD	4	3,425	540

This Statement of Cash Flow is to be read in conjunction with the notes to the interim financial report.

NOTES TO THE FINANCIAL STATEMENTS

for the Half-Year Ended 30 June 2021

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT Reporting Entity

Australian Bauxite Limited (the "**Company**") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 30 June 2021 comprises the Company and its controlled entities (together referred to as the "**consolidated entity**").

Statement of Compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the interim financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporation Act 2001*.

Statement of Compliance

Compliance with Australian Accounting Standards ensures that the financial report of Australian Bauxite Limited complies with International Financial Reporting Standards ("IFRS").

Critical judgements

Management have made the following judgements when applying the Group's accounting policies:

(i) Capitalisation of exploration costs

The Group follows the guidance of AASB 6 Exploration for and Evaluation of Mineral Resources when determining if exploration costs incurred can be capitalised. This determination requires significant judgement. In making this judgement, the Group evaluates if any one of the following conditions is met:

- The exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- Exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.
- During the period, there were commodity price drops. No impairment losses were recognised as no significant production has occurred resulting in sales at prices requiring write-down of capitalised expenditures.

If one of the above conditions is met then the Group has made the judgement to capitalise the associated exploration expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Historical cost convention

These financial statements have been prepared on an accruals basis and are based on the historical cost convention except where noted in these accounting policies.

Material accounting policies

The policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Australian Bauxite Limited ("parent entity") as at reporting date and the results of all subsidiaries for the period then ended.

Subsidiaries are all those entities over which the parent entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the parent entity controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the parent entity. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries.

Intercompany transactions, balances and unrealised gains on transactions between consolidated entity entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or business under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

NOTES TO THE FINANCIAL STATEMENTS continued**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued**

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent arrangement is also included, subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major business activities as follows:

Interest Revenue

Interest revenue is recognised as it accrues taking into account the effective yield on the financial asset.

Other Income

Income from other sources is recognised when proceeds or the fee in respect of other products or service provided is receivable.

(e) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent

NOTES TO THE FINANCIAL STATEMENTS continued**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued**

entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(f) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis except for the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(g) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and in at call deposits with banks or financial institutions, investment in money market instruments maturing within less than two months, net of bank overdrafts.

(h) Trade and other receivables

Trade receivables are recognised initially at original invoice amounts and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 60 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that entities in the Group will not be able to collect all amounts due according to the original terms of receivables.

(i) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

(j) Tenement exploration, evaluation and development costs

Costs incurred in the exploration for, and evaluation of, tenements for suitable resources are carried forward as assets provided that one of the following conditions is met:

- the carrying values are expected to be justified through successful development and exploitation of the area of interest; or

NOTES TO THE FINANCIAL STATEMENTS continued**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued**

- exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable mineral resources, and active and significant operations in relation to the area are continuing.

Expenses failing to meet at least one of the aforementioned conditions are written off as incurred.

Costs associated with the commercial development of resources are deferred to future periods, provided they are, beyond any reasonable doubt, expected to be recoverable. These costs are amortized from the commencement of commercial production of the product to which they relate on a straight-line basis over the period of the expected benefit.

Costs associated with the development of resources are expensed as incurred if their recoverability is unlikely or unable to be determined.

(k) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting period. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Restoration and rehabilitation provisions

Both for close down and restoration and for environmental clean-up costs from exploration programs, if any, a provision will be made in the accounting period when the related disturbance occurs, based on the net present value of estimated future costs.

(n) Employee Benefits*(i) Wages, salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

NOTES TO THE FINANCIAL STATEMENTS continued**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued****(o) Share based payments**

Ownership-based remuneration is provided to employees via an employee share option plan.

Share-based compensation is recognised as an expense in respect of the services received, measured on a fair value basis.

The fair value of the options at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance date, the Group revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

(p) Earnings per share (EPS)

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for costs of servicing equity (other than dividends), the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

NOTES TO THE FINANCIAL STATEMENTS continued**3. REVENUE AND EXPENSES****Specific Items**

Profit/(loss) before income tax expense/(benefit) includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the consolidated entity:

	Consolidated	
	Half- year ended 30 Jun 2021 \$'000	Half-year ended 30 Jun 2020 \$'000
Revenue		
Sale of mineral	-	31
Interest income	4	6
	<u>4</u>	<u>37</u>
Other Income and Expenses		
Government package	153	158
Other	-	102
	<u>153</u>	<u>260</u>
Development, exploration and administration expenses		
Development costs and exploration costs not capitalized	(737)	(969)
Consultancy and professional fees	(110)	(30)
Director and employee expenses	(90)	(68)
Other administrative expenses	(158)	(120)
	<u>(1,095)</u>	<u>(1,187)</u>
Finance expenses		
Depreciation	(128)	-
Interest paid	-	(16)
Others	(2)	(1)
	<u>(130)</u>	<u>(17)</u>

4. CASH AND CASH EQUIVALENTS

	Consolidated	
	30 Jun 2021 \$'000	31 Dec 2020 \$'000
Cash at bank and deposit	3,395	556
Cash held in trust – tenement guarantees and deposits	30	345
	<u>3,425</u>	<u>901</u>

NOTES TO THE FINANCIAL STATEMENTS continued

5. MINING TENEMENT

	Consolidated	
	30 Jun 2021 \$'000	31 Dec 2020 \$'000
Tenement interest, development costs and capitalized exploration expenditures	15,246	15,493
	15,246	15,493

The ultimate recoupment of costs carried forward for exploration and evaluation assets is dependent on the successful development and commercial exploration or sale of the respective areas.

The carrying values of the exploration tenements are valued using the Exploration Expenditure Method and are limited to exploration expenditure incurred by the Company and its subsidiaries. Historical expenditure by other entities has not been included.

The Company regularly considers the commercial viability of its exploration tenements and reduces the area or relinquishes the exploration tenement where the commercial prospects are diminished.

Tenement List

Application No	Licence No	Project	Status	Area (sq km)	Mining tenement cost + capitalisation
ABx1 Pty Ltd					
	EL 6997	Inverell	Granted	54	2,512,113
Sub-total				54	2,512,113
ABx2 Pty Ltd					
	EL 7357	Taralga	Granted	123	1,592,671
	EL 8370	Penrose Forest	Granted	57	-
	EL 8600	Penrose Quarry	Granted	6	204,448
Sub-total				186	1,797,120
ABx3 Pty Ltd					
	EPM 18014	Binjour	Granted	126	3,122,338
	EPM 18772	Binjour Extension	Granted	21	-
	EPM 25146	Toondoon	Granted	9	54,282
	ML 80126	Toondoon	Granted	1	-
	ML 100272	Sunrise Bauxite Project	Granted	1	146,013
Sub-total				158	3,322,634
ABx4 Pty Ltd					
	EL 7/2010	Conara	Granted	129	3,651,253
	EL 9/2010	Deloraine	Granted	136	1,177,957
	EL 18/2014	Prossers Road	Granted	56	340,301
	ML 1961P/M	Bald Hill	Granted	0	1,933,478
		Mining Production			511,369
Sub-total				321	7,614,358
Total				718	15,246,224

NOTES TO THE FINANCIAL STATEMENTS continued

6. ISSUED CAPITAL

	Consolidated Entity and Parent Entity		Consolidated Entity and Parent Entity	
	June 2021	Dec 2020	June 2021	Dec 2020
	Shares	Shares	\$'000	\$'000
Ordinary shares issued	182,804,314	150,304,314	28,791	25,749

(a) Movements during the year:

Opening balance	150,304,314	145,967,005	25,749	25,312
Share placement	32,500,000	-	3,250	-
Share issued in lieu of services	-	4,337,309	-	437
Share issuing costs	-	-	(208)	-
Closing balance	182,804,314	150,304,314	28,791	25,749

(b) Options

There have been no options issued or granted over unissued shares during the reporting period.

(c) Terms and Conditions

Each ordinary share participates equally in the voting rights of the Company. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

7. COMMITMENTS AND CONTINGENT LIABILITIES

The minimum exploration expenditure commitments and lease payments on the Company's exploration tenements totalling approximately \$0.30 million (2020:\$0.29million) over remaining term of tenements.

Executive services agreement

In addition the Company has agreed with Mr Ian Levy as Managing Director in providing the services to the Company at an agreed rate of \$250,000 per annum.

Corporate service agreement

The Company has entered into a Corporate Service Agreement with Hudson Asset Management Pty Limited pursuant to which Hudson Asset Management Pty Limited has agreed to provide its office management, registered office, administrative, accounting and secretarial services.

The term of the Corporate Services Agreement has no fixed expiry term and the fee payable is that amount agreed between the parties from time to time. The terms of the Services Agreement provide that Hudson Asset Management Pty Limited shall act in accordance with the directions of the Board.

NOTES TO THE FINANCIAL STATEMENTS continued**8. SEGMENT REPORTING**

The consolidated entity operates one business being the mining and exploration of bauxite, minerals and related development projects in Australia.

9. EVENTS SUBSEQUENT TO BALANCE DATE

At the date of this report there are no other matters or circumstances, other than noted above, which have arisen since 30 June 2021 that have significantly affected or may significantly affect:

- the operations, in financial half-year subsequent to 30 June 2021, of the Group;
- the results of those operations; or

the state of affairs, in financial half-year subsequent to 30 June 2021, of the Group